

2016 Federal Budget: A Step Forward in Fighting Poverty and Ensuring a Fair Canada

The liberal government released its first budget on March 22nd. Now that the dust on the budget release is settled, here it is a short overview of its main developments and our thoughts on some of them.

Priorities of the 2016 federal budget include:

- Help for the middle class through measures such as the new, tax-free Canada Child Benefit, eliminating certain tax breaks, boosting investments in student financial assistance, the new tax cut for the middle class and a new tax bracket for individuals with more than \$200,000 in taxable income per year.
- Growth for the middle class through investments in infrastructure and innovation.
- A better future for Indigenous peoples through investments in education, infrastructure, training and other programs for a better quality of life for Indigenous peoples.
- A clean growth economy through making strategic investments in clean technology and addressing the causes and effects of climate change, and
- An inclusive and fair Canada through extending opportunities to more Canadians.

Budget key numbers:

- Total revenues for the first year estimated at **\$287.7 billion** and total expenses at **\$317 billion**.
- The federal deficit is estimated at **\$29 billion** for each of the next two years, **\$23 billion** in 2018/19, **\$18 billion** in 2019/20 and **\$14 billion** in 2010/21.
- Growth rate of nominal GDP by **0.4 percent** in 2017 and by a further **0.3 percent** in 2017.

- Government is planning to invest more than **\$120 billion** in infrastructure over 10 years.
- First phase of the infrastructure plan proposes to provide **\$11.9 billion** over five years, including:
 - **\$3.4 billion** over three years to upgrade and improve public transit systems across Canada;
 - **\$5.0 billion** over five years for investments in water, wastewater and green infrastructure projects across Canada; and
 - **\$3.4 billion** over five years for social infrastructure, including affordable housing, early learning and child care, cultural and recreational infrastructure, and community health care facilities on reserve.

What we at Peterborough Social Planning Council (PSPC) like about 2016 Federal Budget?

We find the introduction of Canada Child Benefit a positive development:

- Budget 2016 gives Canadian families more money to help with the high cost of raising their children, by replacing the current child benefit system with the new Canada Child Benefit.
- The Canada Child Benefit will provide a maximum annual benefit of up to \$6,400 per child under the age of 6 and up to \$5,400 per child for those aged 6 through 17. Families with less than \$30,000 in net income will receive the maximum benefit. Under the current system, families with \$30,000 in net income and one child would have received \$4,852 in child benefits, after tax, if their child is under the age of 6 and \$3,916 if their child is aged 6 through 17.
- To recognize the additional costs of caring for a child with a severe disability, budget 2016 will continue to provide the Child Disability Benefit, an additional amount of up to \$2,730 per child eligible for the Disability Tax Credit.

We are encouraged by the Government's commitment to Affordable Housing:

- We share the belief that Canadians deserve housing that is safe, adequate and affordable. Budget 2016 commits to invest \$2.3 billion over two years, starting in 2016–17 to improve access to affordable housing. Of this amount, \$2.2 billion reflects the

Government's commitment to invest in social infrastructure, including \$739 million for First Nations, Inuit and northern housing.

- The current budget will double federal funding under the Investment in Affordable Housing initiative. The Government will invest \$504.4 million over two years, starting in 2016–17, to support the construction of new affordable housing units, the renovation and repair of existing affordable housing, measures to support housing affordability. Over 100,000 Canadian households are expected to benefit from this support.
- Increasing Affordable Housing for Seniors: \$200.7 million over two years committed, starting in 2016–17, to support the construction, repair and adaption of affordable housing for seniors. This investment is expected to help improve housing conditions for more than 5,000 low-income senior households.
- Supporting Energy and Water Efficiency Retrofits and Renovations to Existing Social Housing: \$573.9 million over two years, starting in 2016–17, to support these necessary retrofits and renovations.
- Providing Rent Subsidies for Federally Administered Social Housing Providers: \$30 million to be reallocated over two years, starting in 2016–17, to help maintain rent-gear-to-income for households living in social housing.
- Supporting the Construction of Affordable Rental Housing: \$208.3 million to be invested over five years, starting in 2016–17, in an Affordable Rental Housing Innovation Fund, to be administered by the Canada Mortgage and Housing Corporation.
- Addressing Homelessness: An additional \$111.8 million over two years to be invested, starting in 2016–17, in the Homelessness Partnering Strategy.

We applaud the measures to improving the quality of life for seniors:

- Increasing the Guaranteed Income Supplement for Single Seniors: Budget 2016 proposes to increase the Guaranteed Income Supplement top-up benefit by up to \$947 annually for the most vulnerable single seniors starting in July 2016, which will support those seniors who rely almost exclusively on Old Age Security and Guaranteed Income Supplement benefits. This represents an investment of over \$670 million per year. Single seniors with annual income (other than Old Age Security and Guaranteed Income Supplement benefits) of about \$4,600 or less will receive the full increase of \$947.
- Restoring the Eligibility Ages of the Old Age Security Program: The eligibility ages of the Old Age Security program will be restored. Budget 2016 proposes to cancel the

provisions in the Old Age Security Act that increase the age of eligibility for Old Age Security and Guaranteed Income Supplement benefits from 65 to 67 and Allowance benefits from 60 to 62 over the 2023 to 2029 period.

- Increased Support for Senior Couples Living Apart: Senior couples who must live apart for reasons beyond their control face higher costs of living and are at an increased risk of living in poverty. Budget 2016 proposes to introduce amendments to the *Old Age Security Act* that will ensure that couples who receive Guaranteed Income Supplement and Allowance benefits and have to live apart for reasons beyond their control (such as a requirement for long-term care) will receive higher benefits based on their individual incomes at a total cost of \$2.6 million per year.

We support changes to the Employment Insurance (EI) program:

- The 2016 budget brings a number of changes to the existing EI program. New entrants will be required to accumulate fewer hours down from 910 hours to between 420 and 700 hours, depending on the region of applicant's residence.
- Waiting period for the first payment will be cut from two weeks to one.
- Maximum duration of benefits is extended to 50 weeks - amounting for a 5 weeks increase from the current system for those in the 12 economic regions that have experienced the sharpest and most severe increases in unemployment.
- This provision is for one year, starting in July 2016, and will be applied retroactively to all claims as of January 4, 2014. Long-tenured workers on EI in these regions will be eligible for an extra 20 weeks up to a maximum of 70 weeks.

**What other agencies and interest groups are saying
about the 2016 Federal Budget?**

Conference Board of Canada, "No Balance in Sight"

"Gone is the Liberal's election promise to balance the books in 2020. The government is now projecting deficits throughout the entire forecast period, with no details provided on how or when the books will be balanced. Instead, the debt-to-GDP ratio will be kept in check."

Center for Policy Alternatives, “*Budget turns left but doesn’t step on the gas: think tank*”

“[The] federal budget delivers on poverty reduction, makes important steps towards reducing inequality, and addresses decades of underfunding and neglect on reserves. However, delaying infrastructure and social program investments will not solve the problems of slow growth and high unemployment.”

Campaign 2000, “*Budget 2016 is a historic step forward in Canada’s battle against child poverty*”

“Budget 2016 boosts incomes through the Canada Child Benefit, which is projected to lift 300,000 children out of poverty. Other positive first steps include investments in First Nations child welfare, education, housing and clean water on reserve; improvements to Employment Insurance; funding for affordable housing and a commitment to developing a National Housing Strategy. Unfortunately, the budget delays indexation of the Child Benefit to Inflation until 2020, as well as much needed funding for childcare until 2017-18.”

The Progressive Economics Forum, “*Mixed bag for the EI*”

“The 2016 Budget announces some much needed improvements to Employment Insurance, and leaves room for more changes in the near future. The changes announced in the budget are largely positive, but many details are still missing [...]”

Canada Without Poverty, “*Federal budget delivers on some important first steps*”

“[The] federal budget has brought forward some key measures to address poverty, including investments in income support and access to justice programs. However, Canada Without Poverty (CWP) is concerned that a number of important poverty issues have been left by the way-side, including measures to address food insecurity, and funding for the proposed national anti-poverty plan.”

Council of Canadians, “*Federal budget murky on water*”

“Investments in water and wastewater infrastructure in the federal budget don’t go far enough or come fast enough to address the water crisis in First Nations communities”

What are your thoughts on the 2016 Federal Budget?

How will the proposed measures affect everyday life of our local people and community? To comment or for any other questions on the PSPC info notes please email Safo at smusta@pspc.ca.on.

You can also request to be added to or removed from the PSPC contact list by sending an email to the above address.

Sources:

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